

**UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF VIRGINIA
Alexandria Division**

In re:)	
)	
NG GROUP, LLC,)	Case No. 17-11562-BFK
)	Chapter 7
Debtor.)	

ORDER IMPOSING SANCTIONS

On June 10, 2018, the Court held a hearing on the Court's Order to Show Cause compelling Patrick R. Blaszc, Esquire to produce banks statements to the U.S. Trustee, certify and provide proof of completion of his required bankruptcy training. Docket No. 69; *Exhibit A*, Order to Show Cause and Compelling Debtor's Counsel to Produce Bank Statements. The Order to Show Cause also noted that the Court would determine whether further sanctions were warranted and that the Court may consider disbaring Mr. Blaszc from practice before this Court. *Id.*

Jack Frankel, Esquire, Counsel for the U.S. Trustee and Janet Meiburger, Esquire, Chapter 7 Trustee, were present in person. Patrick R. Blaszc, Esquire, did not appear. For the reasons stated on the record (*see Exhibit B*, Transcript), it is

ORDERED:

1. Mr. Blaszc's privilege to practice as an attorney before this Court, (all four Divisions), and his EM/ECF filing privileges, will be terminated.
2. Mr. Blaszc's privilege to practice before this Court may be reinstated after a period of five yeasers from the entry of this Order; provided, however, that Mr. Blaszc shall certify that he is a member in good standing of the Virginia State Bar, meets the Court's requirements for character and fitness, and that he is not in default of any orders of the Court with respect to repayment of any filing fees, or the retainer in this case.

3. Mr. Blaszc is advised that he may appeal this Order by filing a Notice of Appeal within fourteen (14) days from the entry of this Order.

4. The Clerk will mail a copy of this order, or give electronic notice of its entry, to the parties listed below.

Date: Jul 25 2018

Alexandria, Virginia

/s/ Brian F. Kenney

Brian F. Kenney
United States Bankruptcy Judge

Entered on Docket: Jul 25 2018

Copies to:

Patrick R. Blaszc
11490 Commerce Park Dr. Suite 240
Vienna, VA 22182
Counsel for Debtor

NG Group, LLC
8605 Westwood Center Drive, Suite 100
Reston, VA 20191
Chapter 7 Debtor

Jack Frankel
Office of the United States Trustee
115 South Union Street, Suite 210
Alexandria, VA 22314
Counsel for U.S. Trustee

Janet M. Meiburger
1493 Chain Bridge Road, Suite 201
McLean, VA 22101
Chapter 7 Trustee

Virginia State Bar
Intake Office
1111 East Main St., Suite 700
Richmond, VA 23219

EXHIBIT A

**UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF VIRGINIA
Alexandria Division**

In re:)
)
NG GROUP, LLC,) Case No. 17-11562-BFK
) Chapter 7
Debtor.)

**ORDER TO SHOW CAUSE AND
COMPELLING DEBTOR'S COUNSEL
TO PRODUCE BANK STATEMENTS**

On May 22, 2018, the Court held a hearing on the Chapter 7 Trustee's Motion for Entry of an Order Requiring Patrick R. Blaszczyk to Show Cause Why He Should not be Held in Contempt. Docket No. 60. Jack Frankel, Esquire, Counsel for the U.S. Trustee, Janet M. Meiburger, Esquire, the Chapter 7 Trustee, and Patrick R. Blaszczyk, Esquire, Counsel for the Debtor, were present in person. The matter arose out of the Court's previous Order sanctioning Mr. Blaszczyk and ordering him to turn over his retainer in the case, in the amount of \$3,200.00, to the Chapter 7 Trustee. Docket No. 43.

On June 20, 2017, Mr. Blaszczyk represented to the Court that he had received a \$5,000.00 retainer in the case, and that he had used \$1,717 for the filing fee, with the balance being approximately \$3,200.00. Docket No. 45, Tr. 6/20/17, p. 11 ("MR. BLASZCZYK: No, the total amount was \$5,000 and I used the 1,717 for the retainer and that's the difference.") At the hearing on May 22, 2018, Mr. Blaszczyk was unable to answer the Court's questions as to where the retainer was deposited, though he acknowledged that he no longer had the retainer in his possession. Mr. Blaszczyk has never been employed as Debtor's counsel in this case pursuant to Bankruptcy Code Section 327(a) and Bankruptcy Rule 2014(a). The Court has never approved any compensation for him under Section 330 and Bankruptcy Rule 2016. At the hearing on May 22nd, the Court

ordered Mr. Blaszczyk to pay the Chapter 7 Trustee \$500 per month for six months, and that any default in making the payments would result in a judgment against him for the unpaid balance of \$3,000.00.¹

This is not Mr. Blaszczyk's first brush with sanctions in this Court. The Court can identify the following instances of sanctions previously imposed against Mr. Blaszczyk:

- (a) *In re Sung Hoon Park*, Case No. 14-10474-BFK. The Court suspended Mr. Blaszczyk from practice for 60 days. Docket No. 64. Further, the Court issued an Order requiring Mr. Blaszczyk to file the required disclosures in the *Waters' Edge* case (*See Part (c)*, below), "otherwise further sanctions [would] be imposed." Docket No. 71.
- (b) *In re Beverly Jenkins*, Case No. 15-13949, Docket no. 82. Mr. Blaszczyk was suspended from practicing before this Court for a period of 120 days.
- (c) *Waters' Edge Restaurant, LLC*, Case No. 13-10867-RGM. On July 18, 2013, the Court ordered Mr. Blaszczyk to file a Disclosure of Compensation under Rule 2016(b) within 14 days. Docket No. 55. The Disclosure of Compensation was not filed until over a year later, on September 24, 2014, and then only after the Court threatened further sanctions in the *Park* case.
- (d) *In re NG Group, Inc.*, Case No. 17-11562-BFK (this case). The Court suspended Mr. Blaszczyk from practice for 180 days, and ordered that he certify to this Court that he has completed 8 hours of bankruptcy training (two hours must consist of bankruptcy-focused professional ethics) approved by the Mandatory Continuing Legal Education

¹ The Court is additionally concerned that Mr. Blaszczyk may not have deposited the advance retainer into a trust account. *See* Virginia State Bar Rule 1.15(a)(1) ("All funds received or held by a lawyer or law firm on behalf of a client or a third party, or held by a lawyer as a fiduciary, other than reimbursement of advances for costs and expenses shall be deposited in one or more identifiable trust accounts"), 1.15(b)(5) ("A lawyer shall... not disburse funds or use property of a client or third party without their consent or convert funds or property of a client or third party, except as directed by a tribunal.")

(MCLE) Department and the disgorgement of his retainer to the Chapter 7 Trustee.
Docket No. 43.

As a result of the disclosures made by Mr. Blaszczyk at the May 22nd hearing, the Court is concerned that there may be *prima facie* evidence that: (a) Mr. Blaszczyk may have accepted a retainer in connection with this case that was not deposited into an approved attorney trust account; (b) Mr. Blaszczyk may have paid himself compensation in this case without ever having had his employment approved by the Court and without ever having filed a fee application in this case. Also, it appears that Mr. Blaszczyk has not yet certified to this Court that he has completed the required 8 hours of bankruptcy training that was previously ordered by the Court.

For the foregoing reasons and for the reasons stated on the record, it is

ORDERED:

1. The Court will hold a hearing on **July 10, 2018, at 1:30 p.m.**, to determine whether any further sanctions should issue in this case against Mr. Blaszczyk. **Mr. Blaszczyk is advised that the Court may consider disbarring him from practice before this Court, should the evidence so warrant.**

2. Mr. Blaszczyk must produce bank statements to the U.S. Trustee identifying the deposit of the Debtor's retainer and the use of that retainer, within **30 days** from entry of this order.

3. Mr. Blaszczyk must certify and provide proof of completion of the required 8 hours of bankruptcy training (if such training has been completed) by the **July 10th** hearing date.

4. The Clerk shall mail copies of this Order, or provide electronic notice of its entry, to the parties listed below.

Date: May 30 2018

Alexandria, Virginia

/s/ Brian F. Kenney

Brian F. Kenney
United States Bankruptcy Judge

Entered on Docket: May 30, 2018

Copies to:

Patrick R. Blaszc
11490 Commerce Park Dr.
Suite 240
Reston, VA 20191
Counsel for Debtor

Janet M. Meiburger
1493 Chain Bridge Road,
Suite 201
McLean, VA 22101
Chapter 7 Trustee

Jack Frankel
115 South Union Street
Room 210
Alexandria, VA 22314
Counsel for the U.S. Trustee

EXHIBIT B

UNITED STATES BANKRUPTCY COURT

UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF VIRGINIA
ALEXANDRIA DIVISION

In re)	Case No. 17-11562-BFK
)	Alexandria, Virginia
NG GROUP, LLC,)	
)	July 10, 2018
Debtor.)	1:40 PM
)	

Pages: 1 through 12
Place: Alexandria, Virginia
Date: July 10, 2018

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UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF VIRGINIA
ALEXANDRIA DIVISION

In re) Case No. 17-11562-BFK
) Alexandria, Virginia
NG GROUP, LLC,)
) July 10, 2018
Debtor.) 1:40 PM
)

TRANSCRIPT OF HEARING

60 -- TRUSTEE'S MOTION FOR ENTRY OF ORDER REQUIRING
PATRICK R. BLASZ TO SHOW CAUSE WHY HE SHOULD NOT BE FOUND
TO BE IN CONTEMPT OF COURT FOR FAILURE TO COMPLY WITH
COURT ORDER and

69 -- ORDER TO SHOW CAUSE AND COMPELLING DEBTOR'S COUNSEL
TO PRODUCE BANK STATEMENTS
BEFORE THE HONORABLE BRIAN F. KENNEY
UNITED STATES BANKRUPTCY JUDGE

APPEARANCES:

FOR THE TRUSTEE: JANET MEIBURGER, Esquire
1493 Chain Bridge Road
Suite 201
McLean, VA 22101-5726
(703) 556-7871

FOR THE U.S. TRUSTEE: Office of the U.S. Trustee
By: JACK FRANKEL, Esquire
115 South Union Street
Plaza Level, Suite 210
Alexandria, Virginia 22314
(703) 557-7229

TRANSCRIPTION SERVICES: Heritage Reporting Corporation
1220 L Street, N.W., Suite 206
Washington, D.C. 20005
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Proceedings recorded by electronic sound recording,
transcript produced with computer.

P R O C E E D I N G S

(1:40 p.m.)

THE CLERK: We'll call Items 39 and 40, NG Group, LLC, Case 17-11562.

MS. MEIBURGER: Good morning, Your Honor.

Janet -- good afternoon, Your Honor. Janet Meiburger for the Trustee.

JUDGE KENNEY: Good afternoon.

MR. FRANKEL: Jack Frankel, U.S. Trustee.

JUDGE KENNEY: Good afternoon, Mr. Frankel.

Let me ask this. Is Mr. Blaszczyk present or anybody representing him?

(No response.)

JUDGE KENNEY: All right. Hearing no response, Mr. -- let's start with Mr. Frankel, please.

Mr. Frankel, the Court had issued an order both to show cause to Mr. Blaszczyk and compelling Mr. Blaszczyk to produce bank account information to identify what happened to the \$5,000 retainer that he identified in a previous court hearing. So let's start there if we may.

MR. FRANKEL: Well --

JUDGE KENNEY: Did he produce the bank statements to you?

MR. FRANKEL: No, he did not.

JUDGE KENNEY: Has he produced --

1 MR. FRANKEL: I can give you more information, but
2 that's the -- excuse me -- the long and the short of it. I
3 did contact Mr. Blaszc. I told him about the order. I sent
4 him a copy of the order. I have my emails and his response,
5 but did he produce the bank statements to me? No.

6 JUDGE KENNEY: Okay.

7 MR. FRANKEL: And I got a call from --

8 JUDGE KENNEY: Well, then I guess my second
9 question would be, did he describe to you the disposition of
10 this retainer to your satisfaction?

11 MR. FRANKEL: Yes. Your Honor, I have -- and I'm
12 very concerned about, since Mr. Blaszc is not here, the rules
13 of evidence. I have two emails that I can hand up if the
14 Court wants to see them. I think --

15 JUDGE KENNEY: Yes, please.

16 MR. FRANKEL: Okay. And let me give you the other
17 one.

18 JUDGE KENNEY: All right. Let's have these marked
19 as U.S. Trustee's 1 and 2, please -- 1, 2, and 3 (sic).

20 (The documents referred to were marked for identification as
21 U.S. Trustee's Exhibit Nos. 1 and 2.)

22 JUDGE KENNEY: Any objection to the emails, Ms.
23 Meiburger?

24 MS. MEIBURGER: No. No, Your Honor.

25 JUDGE KENNEY: All right. They will be admitted.

1 UST 1, 2, and 3 (sic) will be admitted.

2 (The documents referred to, previously identified as U.S.
3 Trustee's Exhibit Nos. 1 and 2, were received in evidence.)

4 MR. FRANKEL: I had a conversation with Mr. Blaszczyk.
5 As you can see in the first email, this is dated June 4. I
6 sent him a copy of the order. The email was to confirm our
7 phone conversation. And then he responded to --

8 JUDGE KENNEY: Just 1 and 2, okay. I'm sorry.
9 Just to correct the record, it's only UST 1 and 2.

10 MR. FRANKEL: Yeah, 1 and 2. I know they're very
11 short emails, Your Honor.

12 JUDGE KENNEY: Right. Okay. I'm sorry. You can
13 go ahead, please.

14 MR. FRANKEL: Okay. Your Honor, the first email
15 was to ask him to confirm our conversation. I wanted a
16 written response from him that he did not receive -- that he
17 didn't deposit it in any bank and use the money to pay other
18 debts. I asked him to confirm this, our phone conversation.
19 Do you see it?

20 JUDGE KENNEY: Okay. Yes, I do.

21 MR. FRANKEL: And attached to the first email, UST
22 1, is the copy of the order.

23 JUDGE KENNEY: Okay.

24 MR. FRANKEL: And then the second exhibit is his
25 response, and it's just one sentence. It says, "Jack, I want

1 to very careful in my response, and I'm checking with my
2 client to confirm what the answer is to the information you
3 want to know. Will get back to you on this in the next couple
4 days."

5 Your Honor, I never heard anything back from Mr.
6 Blaszc. So --

7 JUDGE KENNEY: Okay.

8 MR. FRANKEL: -- that's -- and I didn't make any
9 repeated calls. I thought he understood what was going on.
10 The order was self-explanatory. So I don't really have
11 anything more to add. Thank you.

12 JUDGE KENNEY: Okay. I appreciate that. Thank
13 you, Mr. Frankel. UST 1 and 2 will be admitted.

14 Ms. Meiburger, good afternoon. You had an order
15 requiring Mr. Blaszc to pay you certain amounts monthly.

16 MS. MEIBURGER: That's right, Your Honor. The
17 first payment was supposed to start on July -- on or before
18 July 1, \$500 each. I did not receive the payment. And I sent
19 Mr. Blaszc a notice of default. I did not send it until
20 yesterday. So he has 10 days. I emailed it to him and mailed
21 it to him, making clear that he needs to pay the \$500 within
22 10 days or that I would have the right, as the court order
23 requires me to make clear, to file a certification with the
24 Court to the effect that he is in default and ask for a
25 judgment to be entered.

1 I also wanted to add, Your Honor, the 341 meeting
2 is set for July 19, which is next week. The schedules were
3 supposed to be filed on June 22, on or before. They have not
4 been filed.

5 JUDGE KENNEY: Okay. Thank you.

6 MS. MEIBURGER: Okay.

7 (Pause.)

8 JUDGE KENNEY: The matter is before the Court on
9 the continued hearing on the Trustee's -- U.S. Trustee's
10 motion for entry of an order requiring Mr. Blaszczyk to show why
11 he should not be found in contempt of court, and second, the
12 Court's order, which is found at Docket No. 69, entered
13 May 30, 2018, to show cause and compelling Mr. Blaszczyk to
14 produce bank statements which identified the deposit and
15 disposition of his retainer in this case, which he represented
16 to the Court was in the amount of \$5,000. He had previously
17 represented to the Court that he used \$1700 of that for the
18 filing fee, with the balance being approximately \$3,200.

19 The Court finds first that Mr. Blaszczyk was present
20 in court when the Court issued its ruling from the bench that
21 Mr. Blaszczyk be required to produce these bank statements to the
22 U.S. Trustee's office within 30 days. The U.S. Trustee, per
23 Mr. Frankel's Exhibit 1, also emailed Mr. Blaszczyk the order on
24 June 4, 2018.

25 Mr. Blaszczyk acknowledged receipt of the order on the

1 same day, June 4, 2018, represented by UST No. 2. And I
2 quote, "I want to be very careful in my response and am
3 checking with my client to confirm what the answer is to the
4 information you want to know. We'll get back to you on this
5 in the next couple days. Sincerely, Patrick R. Blaszczyk."

6 The Court finds that there was a clear and
7 definite order for Mr. Blaszczyk to produce this information. The
8 Court finds that Mr. Blaszczyk had actual knowledge of the order.
9 He was mailed the order by the clerk's office at his office
10 address at 11490 Commerce Park Drive, Suite 240, Reston,
11 Virginia 22091, as indicated on the order
12 itself. And Mr. Frankel emailed him the order, and he
13 acknowledged receipt of it.

14 And third, the Court finds that Mr. Blaszczyk's
15 response is wholly unsatisfactory. He did not need to check
16 with his client to comply with the court order. The Court's
17 order was plain and unambiguous. The Court also notes that
18 the deposit and the disposition of the retainer does not
19 implicate any attorney-client privileged communications. The
20 Court simply wanted to know where the funds were deposited and
21 how they were used.

22 So, when he says, "I want to be very careful in my
23 response," he didn't need to be so careful in his response.
24 He needed to respond and provide that information to the
25 United States Trustee.

1 The Court further finds that Mr. Blaszczyk had notice
2 of today's hearing. It was contained in bold type in the
3 order for July 10, 2018, at 1:30 p.m. It is now 10 minutes of
4 2 in the afternoon. Mr. Blaszczyk has elected not to appear.

5 Finally, the Court outlined in its order to show
6 cause Mr. Blaszczyk's prior history with the Court in terms of
7 sanctions. In the Sung Hoon Park case, Case No. 14-01474, the
8 Court suspended Mr. Blaszczyk for practice from 60 days. In the
9 Beverly Jenkins case, Case No. 15-13949, Mr. Blaszczyk was
10 suspended from practicing before this Court for a period of
11 120 days.

12 In the Water's Edge Restaurant case, Case No. 13-
13 10867, the Court ordered Mr. Blaszczyk to file a disclosure of
14 compensation under Rule 2016(b) within 14 days. The
15 disclosure of compensation was not filed until over a year
16 later, on September 24, 2014, and then only after the Court
17 threatened further sanctions in the Park case. And in this
18 very case, the NG Group case, the Court suspended Mr. Blaszczyk
19 for practice -- from practice for 180 days.

20 The Court further ordered that Mr. Blaszczyk certify
21 to this Court that he has completed eight hours of bankruptcy
22 training, two hours of which must have consisted of
23 bankruptcy-focused professional ethics approved by the
24 mandatory CLE Department of the Virginia State Bar, which the
25 Court has no information that Mr. Blaszczyk has complied with.

1 The Court finds that Mr. Blaszc has an extensive
2 record of disciplinary proceedings with this Court and
3 suspensions. The Court searches -- always searches for the
4 least intrusive means of compelling compliance with its
5 orders. But given that Mr. Blaszc has been suspended
6 previously on three prior occasions by this Court, the Court
7 has no confidence -- and further, that Mr. Blaszc elected not
8 to appear today in response to the Court's order.

9 The Court finds, number one, that Mr. Blaszc is in
10 contempt of court. The Court is going to disbar Mr. Blaszc
11 from practicing before this Court and deny him access --
12 CM/ECF access privileges to this Court. He will not be
13 permitted to practice before this Court.

14 And the Court will further order that at the end
15 of five years from the date of the order, Mr. Blaszc can
16 reapply for reinstatement of his privileges to practice before
17 this Court, provided that he is a member in good standing of
18 the Virginia State Bar at that time and otherwise meets the
19 Court's requirements for character and fitness and that,
20 importantly, that he is not in default of any orders of the
21 Court with respect to repayment of the retainer and so forth
22 with respect to Ms. Meiburger's order.

23 The Court will prepare an order. The Court takes
24 no joy in this matter. It's a very unfortunate case. But the
25 Court just sees absolutely no alternative to the termination

1 of Mr. Blaszc's privileges to practice before this Court. The
2 Court also in its order to show cause noted that Mr. Blaszc may
3 not have deposited the advance retainer that he received in
4 this case into a trust account, and he may have violated
5 Virginia State Bar Rule 1.15(a)(1), which requires that all
6 funds received or held by a lawyer on behalf of a client or a
7 third party shall be deposited into one or more identifiable
8 trust accounts, and Rule 1.15(b)(5), a lawyer shall not
9 disburse funds or use property of a client without their
10 consent or convert funds of or property of a client or third
11 party except as directed by a tribunal.

12 For these reasons, the Court is going to refer its
13 order terminating Mr. Blaszc to the Virginia State Bar
14 disciplinary committee, and they can make their own
15 independent determination as to whether Mr. Blaszc was in
16 compliance with the state court -- state bar rules concerning
17 receipt of funds and trust accounts. But the state bar will
18 be a recipient of the Court's order terminating Mr. Blaszc's
19 privileges to practice law before this Court.

20 I thank Mr. Frankel and Ms. Meiburger for their
21 participation in the matter and for the information that they
22 provided to the Court today.

23 MR. FRANKEL: Thank you, Your Honor.

24 (Whereupon, these proceedings were concluded at 1:55 p.m.)

25 //

11

E X H I B I T S

U.S. TRUSTEE

EXHIBITS:

IDENTIFIED

RECEIVED

1 and 2

3

4

CERTIFICATE

DOCKET NO.: 17-11562-BFK
CASE TITLE: NG Group, LLC
HEARING DATE: July 10, 2018
LOCATION: Alexandria, Virginia

I, court approved transcriber, certify that the foregoing is a true and correct transcript from the official electronic sound recording of the proceedings in the above-entitled matter.

Date: July 13, 2018

Mary Ellen Feinberg

Mary Ellen Feinberg
Transcriber
Heritage Reporting Corporation
Suite 206
1220 L Street, N.W.
Washington, D.C. 20005-4018